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HONG KONG RESEARCH

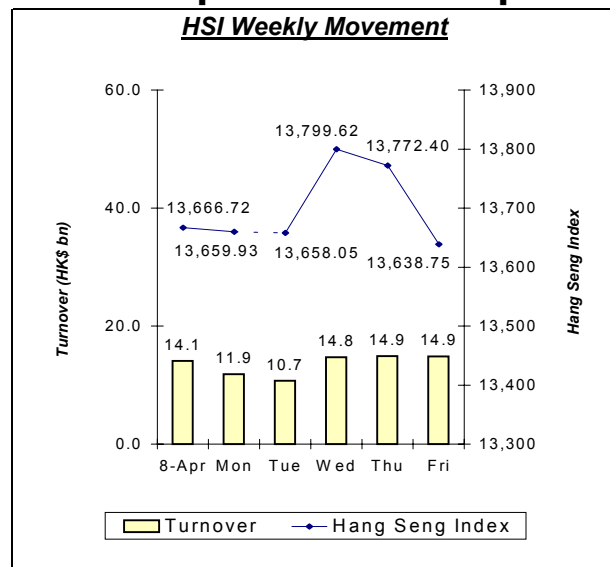
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Weekly Report

16th April 2005

Slump in Wall Street wiped out gains on record property sales



Weekly Market Statistics				
Week ended	15/04/2005	08/04/2005	Change	%
Hang Seng Index	13,638.75	13,666.72	-27.97	-0.2%
HS Red Chip Index	1,537.61	1,566.65	-29.04	-1.9%
HS China Enterprises Index	4,721.01	4,891.78	-170.77	-3.5%
HS Composite Index	1,770.29	1,782.31	-12.02	-0.7%
HS HK Composite Index	1,869.02	1,869.90	-0.88	-0.0%
HS Mainland Composite Index	1,580.60	1,615.76	-35.16	-2.2%
S&P/HKEx GEM Index	934.57	955.41	-20.84	-2.2%
Avg Daily Turnover (HK\$ bn)	13.43	15.09	-1.65	-11.0%
Sectoral Indices				
Finance	26,499.11	26,420.70	+78.41	+0.3%
Utilities	29,799.26	30,199.64	-400.38	-1.3%
Properties	16,727.92	16,552.11	+175.81	+1.1%
Comm & Ind	6,019.22	6,074.02	-54.80	-0.9%

Review & Outlook of Market Performance

The Hong Kong stock market closely tracked the Wall Street during the week amid a lack of local drivers. After a quiet start, the market regained momentum on Wednesday in response to the minutes of the US FOMC meeting that an accelerated pace of interest-rate policy was not immediately necessary. However, the market wiped out gains on Friday following weak US economic data and corporate results. Over the week, the HSI lost 27.97 points, or 0.20%, to 13,638.75 with an average daily turnover of HK\$13.43 billion.

Easing interest-rate fears and a record selling price at Sun Hung Kai Properties' luxury residential project, The Arch, renewed buying interest in property shares. The HS Properties sub-index edged up 1.06% w-o-w. Hung Lung Properties led the gainers, adding 2.64% w-o-w to HK\$11.65, followed by Swire Pacific with a 2.01% w-o-w gain to HK\$63.5 and Sun Hung Kai Properties, which rose 1.76% w-o-w to HK\$72.25.

Profit taking in both oil and commodity counters following a retreat in oil, copper and aluminium prices undermined China-related shares. The HSCEI and HSCCI lost 3.49% w-o-w and 1.85% w-o-w respectively. Mainland insurance companies were under pressure ahead of their earnings reports due next week, as investors worried that lower investment income would weaken their full-year results. PICC Property & Casualty tumbled 7.14% w-o-w to its historic low at HK\$2.275 after delaying its earnings announcement by a week to next Friday. Air China, which announced a strong 2004 net profit of 2.39 billion yuan, fared better than its mainland's counterparts, dropping a modest 0.9% w-o-w to HK\$2.75.

Elsewhere, GEM-listed Vertex Communications & Technology Group surged 12.07% w-o-w on news that it had recruited a strategic investor for its proposed plan to set up the territory's third power utility to compete with CLP Holdings and Hongkong Electric.

A number of US corporates will announce their quarterly earnings next week. The market will closely watch their results, as it will give a clearer lead on Wall Street. Power plays will be in focus, with the launch of Shanghai Electric's initial public offerings. Concerns over slowing US economy and local interest-rate rise will continue to weigh on market sentiment next week and the HSI should find support at 13,400.

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**US & Regional Markets Weekly Update**

Date	US Dow Jones	US NASDAQ	JAPAN Nikkei Avg	SINGAPORE STI	MALAYSIA KLSE Index	BANGKOK SET Index	TAIPEI Weighted Index
Week to							
15th April	10,087.51	1,908.15	11,370.69	2,150.23	874.25	698.28	5,888.37
8th April	10,461.34	1,999.35	11,874.75	2,181.94	864.02	683.76	6,024.07
Change	-373.83	-91.20	-504.06	-31.71	+10.23	+14.52	-135.70
%	-3.6%	-4.6%	-4.2%	-1.5%	+1.2%	+2.1%	-2.3%

Major Changes in Index Constituent Stocks (Week ended 15th April 2005)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @15/04/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Denway Motors	0203	HK\$2.725	-HK\$0.15	-5.22%	Denway Motors posted a lower-than-expected 22.3% rise in 2004 net profit to HK\$2.06 billion, due to weaker margins.
PCCW	0008	HK\$4.55	+HK\$0.025	+0.55%	PCCW said it would invest up to HK\$300 million in the mainland's broadband business jointly with China Netcom Group.
China Resources Enterprise	0291	HK\$10.8	+HK\$0.05	+0.47%	China Resources Enterprise reported a 10.2% increase in 2004 net profit to HK\$1.6 billion, near the high end of the market consensus, as a turnaround in its retail business more than offset a slowdown in its textile operations.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @15/04/05	W-O-W Change		Remarks / Comments
			Absolute	%	
ZTE Corp	0763	HK\$23.4	-HK\$2.4	-9.30%	Investors worried that falling margins in the company's handset business would hinder its profit growth this year.
Huadian Power International	1071	HK\$2.3	+HK\$0.025	+1.10%	Huadian Power's electricity output rose 31% in the 1 st quarter this year, helped by higher output at its existing units and newly acquired plants.

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @15/04/05	W-O-W Change		Remarks / Comments
			Absolute	%	
TCL Multimedia Technology	1070	HK\$1.84	-HK\$0.15	-7.54%	Its Shenzhen-listed parent TCL Corp said its 2004 net profit dropped 56.9% to 245.9 million yuan, despite a 44.7% rise in turnover to 40.87 billion yuan.



Summary of US Economic News

Indicator	Change/Index	Comments
International Trade Balance – February	US\$61 billion deficit	High oil prices and record imports pushed the US trade deficit to US\$61 billion in February.
Retail Sales – March	+0.3% m-o-m	US retail sales rose less than expected in March as high oil prices squeezed household budgets, dimming confidence in the strength of the US economy.
Industrial Production – March	+0.3% m-o-m	The rise in US industrial production was in line with market expectations.

Forthcoming Important Announcements / Events

18 th April 2005 (Monday)	HK : US :	China Life Insurance Co (2628) – Final results Ping An Insurance (Group) Co Of China (2318) – Final results Varitronix International (0710) – Final results 3M Co – Q1 results Bank of America Corp – Q1 results Texas Instruments Inc – Q1 results United Parcel Service Inc – Q1 results
19 th April 2005 (Tuesday)	HK : US :	Unemployment rate – March GZI Transport (1052) – Final results Housing Starts – March Producer Price Index – March Coca-Cola Co – Q1 results General Motors Corp – Q1 results Intel Corp – Q1 results Johnson & Johnson Inc – Q1 results Merrill Lynch & Co Inc – Q1 results Yahoo! Inc – Q1 results
20 th April 2005 (Wednesday)	HK : US :	China Resources Power Holdings Co (0836) – Final results Hongkong Chinese (0655) – Final results Qingling Motors Co (1122) – Final results Xiniao Gas Holdings (2688) – Final results Consumer Price Index – March Bank of New York Co – Q1 results Ebay Inc – Q1 results Ford Motor – Q1 results JPMorgan Chase & Co – Q1 results Motorola Inc – Q1 results
21 st April 2005 (Thursday)	HK : US :	China Everbright (0165) – Final results Dynasty Fine Wines Group (0828) – Final results Foxconn International Holdings (2038) – Final results Geely Automobile Holdings (0175) – Final results Guangzhou Investment Co (0123) – Final results Luen Thai Holdings (0311) – Final results Kam Hing International Holdings (2307) – Final results Shanghai Industrial Holdings (0363) – Final results Shun Tak Holdings (0242) – Final results Tianjin Development Holdings (0882) – Final results Initial Jobless Claim – 16 th April Philadelphia Fed Survey – April AT&T Corp – Q1 results Merck & Co Inc – Q1 results
22 nd April 2005 (Friday)	HK : US :	Consumer Price Index – March Haier Electronics Group Co (1169) – Final results Lippo China Resources (0156) – Final results PICC Property & Casualty Co (2328) – Final results Xinyi Glass Holdings (0868) – Final results Viacom Inc – Q1 results